

AMENDED IN SENATE JUNE 23, 2009

AMENDED IN ASSEMBLY MARCH 24, 2009

AMENDED IN ASSEMBLY FEBRUARY 26, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 108**

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**Introduced by Assembly Member Hayashi**

January 12, 2009

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An act to add Section 1389.21 to the Health and Safety Code, and to add Section 10384.17 to the Insurance Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 108, as amended, Hayashi. Individual health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of its provisions a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits the cancellation or nonrenewal of an enrollment or subscription by a health care service plan except in specified circumstances. Existing law prohibits the nonrenewal of individual health benefit plans by a health insurer except in specified circumstances.

This bill would prohibit a health care service plan or health insurer from rescinding an individual health care service plan contract or individual health insurance policy for any reason, or from canceling, limiting, or raising the premiums of the plan contract or policy due to any omission, misrepresentation, or inaccuracy in the application form,

after 18 months following the issuance of the plan contract or policy, as specified.

Because this bill would impose additional requirements on health care service plans, the willful violation of which would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1389.21 is added to the Health and Safety  
2     Code, to read:

3     1389.21. Notwithstanding any other provision of law, after 18  
4     months following the issuance of an individual health care service  
5     plan contract, a plan shall not rescind the plan contract for any  
6     reason, and shall not cancel the plan contract, or limit any of the  
7     provisions of the plan contract, or raise premiums on the plan  
8     contract due to any omissions, misrepresentations, or inaccuracies  
9     in the application form, whether willful or not. *Nothing in this*  
10    *section shall be construed to allow a health care service plan to*  
11    *rescind a plan contract within the 18-month time period contrary*  
12    *to other applicable law, or to allow a health care service plan to*  
13    *cancel, limit, or raise premiums within this time period contrary*  
14    *to other applicable law.*

15    SEC. 2. Section 10384.17 is added to the Insurance Code, to  
16    read:

17    10384.17. (a) Notwithstanding any other provision of law,  
18    after 18 months following the issuance of an individual health  
19    insurance policy, ~~an~~ *a health* insurer shall not rescind the policy  
20    for any reason, and shall not cancel the policy, or limit any of the  
21    provisions of the policy, or raise premiums on the policy due to  
22    any omissions, misrepresentations, or inaccuracies in the  
23    application form, whether willful or not. *Nothing in this section*  
24    *shall be construed to allow a health insurer to rescind a health*  
25    *insurance policy within the 18-month time period contrary to other*

1 *applicable law, or to allow a health insurer to cancel, limit, or*  
2 *raise premiums within this time period contrary to other applicable*  
3 *law.*

4 (b) Section 10350.2 shall not apply to any health insurance  
5 policy that is subject to subdivision (a). If necessary, the  
6 commissioner may make, amend, or rescind any rules and  
7 regulations to implement this section.

8 SEC. 3. No reimbursement is required by this act pursuant to  
9 Section 6 of Article XIII B of the California Constitution because  
10 the only costs that may be incurred by a local agency or school  
11 district will be incurred because this act creates a new crime or  
12 infraction, eliminates a crime or infraction, or changes the penalty  
13 for a crime or infraction, within the meaning of Section 17556 of  
14 the Government Code, or changes the definition of a crime within  
15 the meaning of Section 6 of Article XIII B of the California  
16 Constitution.